

**MINUTES of MEETING of AUDIT AND SCRUTINY COMMITTEE held in the COUNCIL
CHAMBERS, KILMORY, LOCHGILPHEAD
on TUESDAY, 25 SEPTEMBER 2018**

Present: Martin Caldwell (Chair)

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| Councillor Jim Findlay | Councillor Sandy Taylor |
| Councillor George Freeman | Councillor Richard Trail |
| Councillor Alan Reid | Councillor Andrew Vennard |

Attending: Cleland Sneddon, Chief Executive
Kirsty Flanagan, Head of Strategic Finance
Jane Fowler, Head of Improvement and HR
Laurence Slavin, Chief Internal Auditor
Shona Barton, Area Committee Manager
Sonya Thomas, Performance Management and Improvement Officer
Abbie Macalister, Trainee Auditor
David McConnell, Audit Scotland
Michael Simpson, Audit Scotland

1. APOLOGIES FOR ABSENCE

The Chair welcomed everyone to the meeting, and in particular Abbie Macalister, Trainee Auditor with Strategic Finance and Michael Simpson of Audit Scotland. The Chair advised the Committee that as David McConnell of Audit Scotland was retiring, this would be his last meeting of the Audit and Scrutiny Committee. Mr Caldwell took the opportunity to thank Mr McConnell for his service to the Committee and wished him well for the future.

Apologies for absence were intimated on behalf of Councillor Sir Jamie McGrigor.

2. DECLARATIONS OF INTEREST

There were no declarations of interest intimated.

3. MINUTES

The Minutes of the Audit and Scrutiny Committee as held on 19 June 2018 were approved as a true record.

4. INTERNAL AUDIT SUMMARY OF ACTIVITIES

The Committee gave consideration to a report providing a summary of Internal Audit activity and progress during Quarter 2 against a number of areas, which included:

- 2018/19 Audit Plan progress
- Additional audit team activity
- Continuous monitoring
- Internal Audit development plan
- Performance indicators

Members noted that the scope of the marine services review had been expanded to cover all four of the ferry services provided by the Council. They also noted that the scope of the Oban airport audit had been expanded to include information on invoices received by the Council from the Scottish Fire and Rescue service.

Decision:

The Audit and Scrutiny Committee agreed to endorse the report.

(Reference: Report by Chief Internal Auditor, dated 25 September 2018, submitted)

5. INTERNAL AUDIT REPORTS TO AUDIT & SCRUTINY COMMITTEE 2018/19

The Committee gave consideration to a report containing the action plans in relation to the following 6 audits:

- Community Empowerment Act
- Member Services
- ALEO – Live Argyll
- Equality and Diversity
- Adult Learning
- Planning Fees

Decision:

The Audit and Scrutiny Committee agreed to endorse the summary report and detail within each individual report.

(Reference: Report by Chief Internal Auditor, dated 25 September 2018, submitted)

6. INTERNAL AUDIT REPORT FOLLOW-UP 2018-19

The Committee gave consideration to a report and accompanying appendices which documented the results from a review performed by Internal Audit into the progress made by departmental management across all services in completing all open actions which were due to be implemented by 31 July 2018. The report also included information on actions where the agreed implementation date had been rescheduled.

Decision:

The Audit and Scrutiny Committee agreed to endorse the contents of the report.

(Reference: Report by Chief Internal Auditor, dated 25 September 2018, submitted)

7. 2017/18 ANNUAL AUDIT REPORT (PROPOSED)

The Committee gave consideration to the proposed 2017/18 Annual Audit Report by Audit Scotland, which provided Audit opinions on the annual accounts and section 106 charities.

Decision:

The Audit and Scrutiny Committee agreed to note the contents of the proposed report.

(Reference: Proposed report by Audit Scotland, dated 25 September 2018, submitted)

8. INTERNAL AUDIT - EXTERNAL QUALITY ASSESSMENT

The Committee gave consideration to a report providing information on the findings from the recent external quality assessment of the Council's Internal Audit service performed by FTF Audit.

Decision:

The Audit and Scrutiny Committee agreed to endorse the findings of the assessment including the agreed action plan.

(Reference: Report by Chief Internal Auditor, dated 25 September 2018, submitted)

9. ALCOHOL/DRUG DEPENDENCY SERVICES CORRESPONDENCE REVIEW

The Committee gave consideration to a report presenting the findings of a review carried out by the Council's Internal Audit department about the arrangements for procurement, performance monitoring and governance relating to Argyll and Bute Alcohol and Drug Partnership (ADP).

Decision:

The Audit and Scrutiny Committee agreed to endorse the report.

(Reference: Report by Chief Internal Auditor, dated 25 September 2018, submitted.)

10. AUDITED ACCOUNTS 2017-18

The Committee gave consideration to a report which presented the audited accounts and audit certificate for 2017-18.

Decision:

The Audit and Scrutiny Committee agreed to approve the audited accounts for signature.

(Reference: Report by Head of Strategic Finance, dated 25 September 2018, submitted)

11. ACCOUNTS COMMISSION ANNUAL REPORT/STRATEGY AND ENGAGEMENT

The Committee gave consideration to the 2017/18 Annual Report by the Accounts Commission, which included progress against their 2016/17 annual action plan. The 2018-2023 Strategy and annual action plan together with the 2018/19 Engagement strategy and plan were also considered.

Decision:

The Audit and Scrutiny Committee agreed to endorse the report and attached appendices.

(Reference: Report by Chief Internal Auditor, dated 25 September 2018, submitted)

12. TREASURY MANAGEMENT ANNUAL ASSURANCE REPORT

The Committee gave consideration to a report outlining the arrangements for managing the Council's treasury activities.

Decision:

The Audit and Scrutiny Committee agreed to endorse the Treasury Management Annual Assurance report.

(Reference: Report by Head of Strategic Finance, dated 25 September 2018, submitted)

**13. LOCAL GOVERNMENT BENCHMARKING FRAMEWORK (LGBF) 2016/17:
ASC MEMBERS' COMMENTS**

The Committee gave consideration to a report bringing forward comments received from members in relation to the Local Government Benchmarking Framework (LGBF) 2016/17 report.

Decision:

The Audit and Scrutiny Committee:

1. agreed to endorse the report;
2. agreed that the information contained in the Local Government Benchmarking Framework be used as a tool to inform the Committee's scrutiny process on their selected topics;
3. noted that the Performance and Improvement Team in IHR will be involved in scoping future scrutiny work; and
4. noted that the LGBF 2016/17 report is published on the Council Website and forms part of the Council's statutory Public Performance Reporting duty; and
5. requested that the Head of Improvement and HR engage with the Chief Officer of the Health and Social Care Partnership highlighting the absence of the looking forward commentary in three important indicators of adult care, and requested that this be provided as soon as possible.

(Reference: Report by Executive Director of Customer Services, dated 25 September 2018, submitted)

14. NATIONAL FRAUD INITIATIVE IN SCOTLAND

The Committee gave consideration to a report presenting Audit Scotland's National Fraud Initiative in Scotland (NFI) which provided some key messages in respect of NFI activity together with a self-appraisal checklist.

Decision:

The Audit and Scrutiny Committee agreed to endorse the report and the self-appraisal checklist.

(Reference: Report by Chief Internal Auditor, dated 25 September 2018, submitted)

15. AUDIT & SCRUTINY COMMITTEE ANNUAL REPORT 2017/18

The Committee gave consideration to a report providing an overview of their activity during the financial year 2017/18 and a summary of key developments since the commencement of 2018/19.

Decision:

The Audit and Scrutiny Committee agreed to endorse the Annual Report 2017/18.

(Reference: Report by Chair of the Audit and Scrutiny Committee, dated 25 September 2018, submitted)

16. AUDIT AND SCRUTINY COMMITTEE WORKPLAN

In order to facilitate forward planning of reports to the Audit and Scrutiny Committee Members considered the outline Audit Committee workplan.

Decision

The Committee noted the draft workplan.

(Reference: Audit Committee Workplan dated 25 September 2018, submitted)